

ORIGINAL

NEW APPLICATION



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INDIADA WATER COMPANY

2009 JUN -2 A 9: 28

PO BOX 85160

TUCSON, ARIZONA 85754

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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Arizona Corporation Commissioner

DOCKETED

JUN -2 2009

May 29, 2009

DOCKETED BY

NR

Arizona Corporation Commission  
Utilities Division  
1200 W. Washington  
Phoenix, Arizona 85007

W-02031A-09-0285

Re: Request for Emergency Sur-Charge implementation.

This letter will serve as a request for emergency rate relief by way of implementing an emergency sur-charge for Indiada Water Company ("IWC") located in Sierra Vista, Arizona. IWC is owned by Bobby Watkins. Mr. Watkins no longer has the ability to fund the ailing water system and fears the water utility will become insolvent and/or run out of water. This water system is one of three water systems owned by Mr. Watkins and we are submitting a request for emergency relief for all the systems separately.

IWC serves approximately 56 water customers and is in desperate need of storage with no way to obtain the funds necessary to acquire storage at this time. The system has 3 wells with one well which is isolated to service seven homes having a well depth of 60'. Just a few more connections will cause this well to run out of water. This well has inadequate storage that is old and outdated as well as possibly unsafe due to constant Bac-T problems. The system has extremely low pressure and low volume especially in the summer month and gets worse each year.

One of the wells depths is at 120' and has consistently not been able to meet demand and has the possibility of going dry this summer. When this happens, a temporary emergency interconnect is established with one of the other water companies's owned by Mr. Watkins which really doesn't have the water to spare.

There is a very real danger that this system will completely run out of water as it occurs each year. The water table in the area is dropping drastically for this system as well as others in the area.

The intent of the owner is to loop the water systems while upgrading the entire system to provide adequate, dependable water to its water customers.

The company has been unable to generate revenues sufficient to meet its operating expenses  
To date the company has an accounts payable of approximately \$7,000.00.

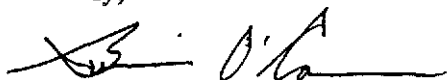
The Watkins family is unable to fund the operating shortfalls and fears the company will most definitely become insolvent. As of this date the Watkins family has advanced IWC a total of \$5,000.00 either directly or by funneling money via loaning funds from the other ailing water companies they own.

An emergency sur-charge needs to be implemented as soon as possible to relieve the existing operating expense burden on IWC.

We consider this an extreme emergency situation and would like to go forward with an emergency surcharge ASAP.

We are in the process of getting financial information together for all of Mr. Watkins ailing systems and will be preparing a rate case as well as a finance application in the very near future. Until then it is our hope that approval of this emergency surcharge can be obtained quickly.

Sincerely,



Bonnie L. O'Connor, President  
Southwestern Utility Management, Inc.

For

Bobby Watkins, Owner  
Indiada Water Company

cc: Bobby Watkins, Owner, Chairman  
Nathan Watkins, President, CEO  
Arizona Corporation Commission – 15 copies

**INDIADA WATER COMPANY, INC.**  
**CALCULATION OF 2009 PROJECTED INCOME STATEMENT**

Acct. No		Jan - Apr 2009	Monthly Average	Monthly Average Annualized	Jan - Dec 2008	2009 Projection w/ Historical Data
	<b>OPERATING REVENUES</b>					
461	Metered Water Revenue	\$ 5,659	\$ 1,415	\$ 16,977	\$ 24,885	\$ 22,908
474	Other Water Revenues	35	9	105	200	176
	<b>TOTAL OPERATING REVENUES</b>	<b>\$ 5,659</b>	<b>\$ 1,424</b>	<b>\$ 17,082</b>	<b>\$ 25,085</b>	<b>\$ 23,084</b>
	<b>OPERATING EXPENSES</b>					
601	Salaries and Wages	\$ 54	\$ 14	\$ 162	\$ 6,750	\$ -
610	Purchased Water	793	198	2,379	2,150	2,379
615	Purchased Power	597	149	1,791	1,631	1,791
618	Chemicals	-	-	-	-	-
620	Repairs and Maintenance	104	26	312	3,983	2,148
621	Office Supplies & Expense	258	65	774	4,244	2,509
630	Outside Services	4,036	1,009	12,108	2,672	12,108
635	Water Testing	340	85	1,020	1,163	1,163
641	Rents	-	-	-	900	-
650	Transportation Expenses	1,035	259	3,105	1,410	2,258
657	Insurance - General Liability	-	-	-	-	-
659	Insurance - Health and Life	-	-	-	-	-
666	Regulatory Commn Exp-Rate Case	-	-	-	-	-
675	Miscellaneous Expense	-	-	-	-	-
403	Depreciation Expense	-	-	-	4,892	4,892
408	Taxes Other Than Income	-	-	-	599	-
408.11	Property Taxes	691	-	691	691	691
409	Income Tax	-	-	-	-	-
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 7,908</b>	<b>\$ 1,804</b>	<b>\$ 22,342</b>	<b>\$ 31,085</b>	<b>\$ 29,938</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>(2,249)</b>	<b>(381)</b>	<b>(5,260)</b>	<b>(6,000)</b>	<b>(6,854)</b>
	<b>OTHER INCOME/(EXPENSE)</b>					
419	Interest and Dividend Income					
421	Non-Utility Income			-	4,500	-
426	Miscellaneous Non-Utility Exp					
427	Interest Expense				700	700
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,800</b>	<b>(700)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (2,249)</b>	<b>\$ (381)</b>	<b>\$ (5,260)</b>	<b>\$ (2,200)</b>	<b>\$ (7,554)</b>

**INDIADA WATER COMPANY, INC.**  
**CALCULATION OF MONTHLY SURCHARGE AMOUNT PER CONNECTION**

	2009 Projection	Monthly Totals	Monthly Per Connection
<b>Calculation of Surcharge:</b>			
Total Operating Revenues	\$ 23,084		
Total Operating Expenses	29,938		
Operating Income/(Loss)	<u>\$ (6,854)</u>		
Total Other Income/(Expense)	(700)		
2009 Projected Net Income/(Loss)	<u>\$ (7,554)</u>		
Months in year	12		
Projected Monthly Operating Loss		\$ (629)	
Delinquent Accounts Payable	\$ (8,104)		
Months to bring current	<u>12</u>		
Monthly cash flow needed		(675)	
<b>Total Monthly Loss/Cash Shortage</b>		<u>\$ (1,305)</u>	
Current Customer Connections		56	
<b>Proposed Surcharge Amount</b>		<u></u>	<b>\$ 23.30</b>
<b>Current Rates:</b>			
Monthly Minimum - all meter sizes		\$ 15.00	
Commodity Rate	\$ 3.50		
Gallons (1,000 included in monthly minimum)	7,000		
Amount based on usage		24.50	
<b>Monthly Bill at Current Rates Based on 8,000 gallons of usage</b>			<b>39.50</b>
<b>Monthly bill based on 8,000 gallons of Usage plus Proposed Surcharge Amount</b>			<u><b>\$ 62.80</b></u>